

Idaho Legislative Audits
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Department of Juvenile Corrections

Management Report on Financial Procedures

Issued: September 22, 2003
Fiscal Year: 2002



EXECUTIVE SUMMARY – LEGISLATIVE AUDITS

DEPARTMENT OF JUVENILE CORRECTIONS

PURPOSE AND SCOPE. We h a v e completed certain financial audit procedures on the Department of Juvenile Corrections's financial activities that occurred during the fiscal year ended June 30, 2002. These procedures, together with procedures performed at other State agencies, allow us to express our opinion on the statewide basic financial statements prepared by the State Controller's Office. Since a major federal program was present, appropriate procedures and required tests were made in order to issue the federally required *Single Audit*.

CONCLUSION. Based on the limited procedures applied, we conclude that the financial operations of the Department meet acceptable standards. Further, the Department substantially complies with laws, regulations, rules, grants, and contracts for which we tested compliance. Although the report contains no findings and recommendations, we made several suggestions to improve internal control, ensure compliance, and improve efficiency.

FINDINGS AND RECOMMENDATIONS. There are no findings in this report.

PRIOR FINDINGS AND RECOMMENDATIONS. The prior report contained two findings and recommendations as explained below:

Prior Finding #1. Cash draws were not completed in compliance with federal regulations.

Federal regulations, *OMB Circular A-133*, requires that when entities are funded on a reimbursement basis, program costs must be paid by entity funds before reimbursements are requested from the federal government. Additionally, reimbursement requests should be supported by documentation showing that costs were incurred prior to the date of the reimbursement request. The Department requested the funds up to five months prior to incurring costs.

We recommended that the Department request federal funds in compliance with *OMB Circular A-133* regulations, including support documentation with actual expenditure records.

The Department is now drawing federal funds only after expenditures are recorded. **CLOSED**

PRIOR FINDING #2. The Department was not using the Juvenile Corrections Victim Restitution Fund established by Idaho Code, Section 20-539.

Idaho Code, Section 20-539, enacted by the 1997 State legislature, authorized the creation of the Juvenile Corrections Victim Restitution Account to collect money from juvenile offenders to provide partial or full restitution to their victims. Through February 2000, only \$671 had passed through the fund to victims.

We recommended that the Department work with appropriate agencies to determine the correct amount of restitution owed and track restitution amounts paid by juvenile offenders.

The 2001 State legislature enacted a change to this code section, as requested by the Department. This change required any facility housing juvenile offenders to distribute restitution funds directly to the counties, and report to the Department the amount distributed and which juvenile offender made the restitution payment. From November 2001 through December 2002, restitution reported as paid to the counties was more than \$16,000. **CLOSED**

AGENCY RESPONSE. The Department has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The procedures completed and described above help us express our opinion on the fairness of presentation of the *Statewide Comprehensive Annual Financial Report (CAFR)*. Although no opinion is given on the financial data presented in this report, one is given on all State funds in the *CAFR*, including the financial data presented here.

The Department is funded by a \$34 million General Fund appropriation, \$7.5 million in federal funds, \$4.5 million from cigarette/tobacco tax, and \$2.5 million from endowment and miscellaneous revenues. The Department spent \$16.2 million for personnel, \$4.8 million for other operating and capital outlay costs, and \$24.4 million for trustee and benefit payments to counties, cities, and contract providers for local juvenile programs; \$3.4 million was transferred to the Division of Public Works to build the Nampa facility.

DEPARTMENT OF JUVENILE CORRECTIONS – FINANCIAL STATEMENT

FISCAL YEAR 2000

Fund	Beginning Free Fund Cash/ Appropriation Balance	Beginning Encumbrances	Revenues/ Transfers In	Expenditures/ Transfers Out	Ending Encumbrances	Ending Free Fund Cash/ Appropriation Balance
General	\$27,934,600	\$373,916	\$2,503	\$27,302,716	\$999,981	\$8,322
Juvenile Corrections	9,297	0	82,831	33,830	96	58,202
Juvenile Corrections - Cigarette/Tobacco Tax	1,118,876	0	4,629,652	4,555,460	0	1,193,068
Federal	1,329,282	0	4,660,828	3,347,397	192	2,642,521
Miscellaneous Revenue	538,412	655,707	1,074,540	1,650,200	88,161	530,298
Endowment Earnings	702,518	0	1,015,754	841,298	0	876,974
Juvenile Corrections - Victim Restitution Account	0	0	853	853	0	0
	<u>\$31,632,985</u>	<u>\$1,029,623</u>	<u>\$11,466,961</u>	<u>\$37,731,754</u>	<u>\$1,088,430</u>	<u>\$5,309,385</u>

FISCAL YEAR 2001

Fund	Beginning Free Fund Cash/ Appropriation Balance	Beginning Encumbrances	Revenues/ Transfers In	Expenditures/ Transfers Out	Ending Encumbrances	Ending Free Fund Cash/ Appropriation Balance
General	\$30,438,900	\$999,981	\$280	\$30,392,197	\$1,045,355	\$1,609
Juvenile Corrections	58,202	96	96,610	92,488	34	62,386
Juvenile Corrections - Cigarette/Tobacco Tax	1,193,068	0	4,457,259	4,537,777	0	1,112,550
Federal	2,642,521	192	5,505,090	5,042,655	40,150	3,064,998
Miscellaneous Revenue	530,298	88,161	1,393,260	1,646,608	39,862	325,249
Endowment Earnings	876,974	0	1,200,683	1,495,098	184,314	398,245
Juvenile Corrections - Victim Restitution Account	0	0	109	0	0	109
	<u>\$35,739,963</u>	<u>\$1,088,430</u>	<u>\$12,653,291</u>	<u>\$43,206,823</u>	<u>\$1,309,715</u>	<u>\$4,965,146</u>

FISCAL YEAR 2002

Fund	Beginning Free Fund Cash/ Appropriation Balance	Beginning Encumbrances	Revenues/ Transfers In	Expenditures/ Transfers Out	Ending Encumbrances	Ending Free Fund Cash/ Appropriation Balance
General	\$32,943,000	\$1,045,355	\$1,760	\$33,511,369	\$2,500	\$476,246
Juvenile Corrections	62,386	34	107,647	51,459	0	118,608
Juvenile Corrections - Cigarette/Tobacco Tax	1,112,550	0	4,485,411	4,472,954	0	1,125,007
Federal	3,064,998	40,150	7,437,957	7,472,357	0	3,070,748
Miscellaneous Revenue	325,249	39,862	1,130,810	802,511	6,975	686,435
Endowment Earnings	398,245	184,314	1,246,289	1,500,465	46,475	281,908
Juvenile Corrections - Victim Restitution Account	109	0	1,079	206	0	982
	<u>\$37,906,537</u>	<u>\$1,309,715</u>	<u>\$14,410,953</u>	<u>\$47,811,321</u>	<u>\$55,950</u>	<u>\$5,759,934</u>

OTHER ISSUES. We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Department of Juvenile Corrections and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given us by director, Brent Reinke, and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

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Thomas Haddock, CPA, CGFM, Managing Auditor